

AR27



**Cover**

Tobacco, food, wine —

"... close bosom-friends of the maturing sun."

*Keats*



AR27

AUG 28 1970

## To Our Shareholders

Net earnings and sales for the first half of the year show a distinct improvement over the same period in 1969.

### *Earnings*

Consolidated earnings of the Company amounted to \$7,088,000 or 71 cents per common share, an increase of \$1,970,000. This increase is equal to 20 cents per share or 38% over the same period last year. The comparative figures for 1969 have been restated to conform with the method of presentation used in our 1969 annual report.

Earnings for the second quarter were \$3,570,000 or 36 cents per share compared with \$2,812,000 or 28 cents per share last year.

The increase in earnings resulted principally from the success of Sweet Caps, and the inclusion of the results of two food companies for the full first six months of 1970.

Earnings in the food division were not up to expectations because of generally depressed margins in the industry, a condition which is expected to continue into 1971.

In addition, Progresso Foods Corp. experienced short strikes at both its plant and distribution centre with a consequent loss of sales.

### *Sales*

Consolidated sales of \$295,884,000 were up \$66,690,000 or 29% over the same period last year. Second quarter sales were \$153,365,000 compared with \$124,873,000 in 1969, an increase of 23%.

Tobacco division sales of \$240,042,000 were \$49,853,000 higher than last year, due primarily to the success of Sweet Caps.

Food division sales of \$53,253,000 were up \$16,745,000 over 1969, largely owing to the inclusion this year of Progresso Foods Corp. and Pasquale Bros. Limited for the full period. These companies were acquired in 1969 on April 1st and October 1st respectively.

### *Source and Application of Funds*

The statement of source and application of funds reflects an increase in working capital of \$6,723,000. The principal factors contributing to the increase are improved earnings and a reduction in long-term notes receivable. Expenditures on fixed assets amounted to \$3,809,000 including the construction in progress on our new food processing plant in Vineland, New Jersey.

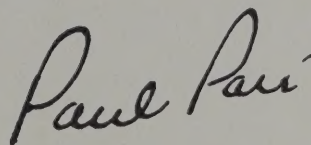
### *Outlook*

Earnings for the balance of 1970 will be influenced by several factors.

In the tobacco division, a new labor contract is being negotiated and the final agreement is almost certain to result in higher costs. The discontinuance of incentives on July 1st will probably have more effect on our Company than on others in the industry. Sweet Caps' dominance in this segment of the market contributed greatly to our improved share-of-market and earnings in the first half of the year. While we now expect that Sweet Caps will lose some volume, we expect it to maintain its position as a leading brand.

In the food division, Progresso Foods' new processing plant is expected to go into limited production in October and start-up costs will cut into 1970 earnings.

After taking these various influences into account, we confidently expect our earnings for the full year to be significantly higher than in 1969.



President  
August 21, 1970



Imperial Tobacco Company of Canada Limited  
and Subsidiary Companies

**Consolidated Statement of Earnings**

Six months January to June	Thousands of dollars	
	1970	1969
Net sales	295,884	229,194
Federal sales and excise taxes and excise duty	130,839	104,274
	165,045	124,920
Manufacturing costs, merchandising and general expenses	146,088	111,938
Depreciation	2,030	2,172
Earnings from operations	16,927	10,810
Income from other investments	87	374
Interest expense	(2,702)	(1,328)
Earnings before income taxes	14,312	9,856
Income taxes	7,085	4,731
	7,227	5,125
Minority interest in earnings of subsidiary companies	139	7
Net earnings	7,088	5,118
Per common share	.71	.51

Subject to year-end audit and adjustment

## Consolidated Statement of Source and Application of Funds

Six months January to June	Thousands of dollars	
	1970	1969
<i>Source of Funds</i>		
Operations:		
Net earnings	7,088	5,118
Non cash charges:		
Depreciation	2,030	2,172
Deferred income taxes	209	(408)
Deferred charges	342	(748)
(Profit) loss on disposal of fixed assets	(164)	742
Minority interest	139	7
	9,644	6,883
Sale of fixed assets	507	312
Notes receivable	6,437	(1,214)
Working capital of subsidiaries acquired	—	10,783
Sale of subsidiary companies	—	2,681
	16,588	19,445
<i>Application of Funds</i>		
Dividends	4,526	4,526
Dividends to minority shareholders of subsidiaries	6	6
Fixed assets	3,809	1,766
Long term debt	1,524	2,275
Purchase of subsidiaries	—	42,912
6% cumulative preference shares	—	30
	9,865	51,515
Increase (decrease) in working capital	6,723	(32,070)

The 1969 figures have been revised in accordance with the 1970 presentation



## **A nos actionnaires**

Les bénéfices nets et les ventes nettes pour le premier semestre de l'année accusent une amélioration sensible par rapport à la même période, en 1969.

### *Bénéfices*

Les bénéfices consolidés de la Compagnie se sont élevés à \$7,088,000 ou 71 cents l'action ordinaire, soit une augmentation de \$1,970,000. Cette augmentation représente 20 cents l'action ou 38% par rapport à la période correspondante l'an dernier. Les montants comparatifs pour 1969 ont été redressés afin de nous conformer avec le mode de présentation utilisé dans notre rapport annuel de 1969.

Les bénéfices pour le second trimestre étaient de \$3,570,000 ou 36 cents l'action au regard de \$2,812,000 ou 28 cents l'action l'année dernière.

L'accroissement des bénéfices est surtout attribuable à la réussite de la Sweet Cap et au fait que nous avons inclus les résultats de deux compagnies de produits alimentaires pour le premier semestre de 1970. Les bénéfices de la division des produits alimentaires n'étaient pas conformes aux prévisions en raison des marges bénéficiaires moindres réalisées dans cette industrie; on s'attend d'ailleurs que cet état de chose se poursuivra jusqu'en 1971.

De plus, la Progresso Foods Corp. a dû faire face à de courtes grèves à l'usine et au centre de distribution, ce qui a entraîné une perte de ventes.

### *Ventes*

Les ventes consolidées de \$295,884,000 étaient de \$66,690,000 ou 29% supérieures à celles de la période correspondante l'an dernier. Les ventes du second trimestre ont atteint \$153,365,000, comparativement à \$124,873,000 en 1969, soit une hausse de 23%.

Les ventes de la division des produits de tabac étaient de \$240,042,000, soit \$49,853,000 de plus que l'année dernière; ceci est surtout attribuable au succès de la Sweet Cap. Les ventes de la division des produits alimentaires se sont chiffrées à \$53,253,000 soit une augmentation de \$16,745,000 sur 1969; ceci résulte surtout du fait que nous avons inclus cette année les résultats de Progresso Foods Corp. et de Pasquale Bros. Limited pour l'exercice

en entier. Ces compagnies ont été achetées en 1969, les 1er avril et 1er octobre respectivement.

### *Provenance et utilisation des fonds*

On remarque au poste de la provenance et de l'utilisation des fonds une augmentation du fonds de roulement de \$6,723,000. Les principaux facteurs qui ont contribué à cette hausse sont les bénéfices accrus et une réduction des effets à recevoir à long terme. Les dépenses en actifs immobilisés se sont chiffrées à \$3,809,000 comprenant la construction en cours à notre nouvelle usine de transformation des aliments de Vineland, au New Jersey.

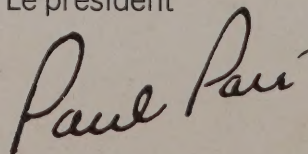
### *Perspective*

Les bénéfices pour la fin de 1970 subiront l'influence de plusieurs facteurs.

Dans la division des produits de tabac, on négocie actuellement une nouvelle convention collective qui amènera presque à coup sûr une augmentation des prix de revient. L'abandon des primes le 1er juillet affectera tout probablement davantage notre Compagnie que les autres dans l'industrie. La prédominance de la Sweet Cap dans ce secteur du marché a considérablement contribué à accroître notre part du marché et nos bénéfices pour le premier semestre de l'année. Bien que nous nous attendions à ce que la Sweet Cap régresse quelque peu, nous prévoyons qu'elle demeurera une des marques les plus en demande. Dans la division des produits alimentaires, la nouvelle usine de transformation des aliments de la Progresso Foods Corp. amorcera une production limitée en octobre et les frais de mise en marche diminueront les bénéfices pour 1970.

Ces diverses influences prises en ligne de compte, nous anticipons que nos bénéfices pour l'année entière seront sensiblement plus élevés que ceux de 1969.

Le président



Le 21 août 1970



Etat consolidé des bénéfices

Pour la période de six mois de janvier à juin	En milliers de dollars	
	1970	1969
Ventes nettes	295,884	229,194
Taxes fédérales de vente, d'accise et droits d'accise	130,839	104,274
	165,045	124,920
Frais de fabrication, de commercialisation et frais généraux	146,088	111,938
Amortissement	2,030	2,172
Bénéfices d'exploitation	16,927	10,810
Revenus d'autres placements	87	374
Frais d'intérêt	(2,702)	(1,328)
Bénéfices avant impôts sur le revenu	14,312	9,856
Impôts sur le revenu	7,085	4,731
	7,227	5,125
Intérêt minoritaire dans les bénéfices des filiales	139	7
Bénéfices nets	7,088	5,118
Par action ordinaire	.71	.51

Etat consolidé de la provenance et de l'utilisation des fonds

Pour la période de six mois de janvier à juin	En milliers de dollars	
	1970	1969
<i>Provenance des fonds</i>		
Exploitation:		
Bénéfices	7,088	5,118
Frais non déboursés:		
Amortissement	2,030	2,172
Impôts sur le revenu reportés	209	(408)
Frais reportés	342	(748)
(Bénéfice) perte sur aliénation d'immobilisations	(164)	742
Intérêt minoritaire	139	7
	9,644	6,883
Vente d'immobilisations	507	312
Effets à recevoir	6,437	(1,214)
Fonds de roulement de filiales acquises	—	10,783
Vente de filiales	—	2,681
	16,588	19,445
<i>Utilisation des fonds</i>		
Dividendes	4,526	4,526
Dividendes aux actionnaires minoritaires des filiales	6	6
Immobilisations	3,809	1,766
Dette à long terme	1,524	2,275
Achat de filiales	—	42,912
Achat d'actions privilégiées à dividende cumulatif 6%	—	30
	9,865	51,515
Augmentation (diminution) du fonds de roulement	6,723	(32,070)



# Notice of annual general meeting

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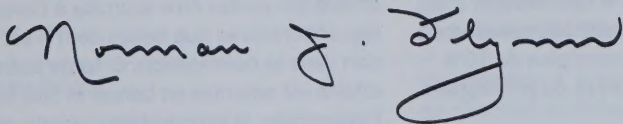
The Annual General Meeting of the shareholders of Imperial Tobacco Company of Canada Limited will be held at the Head Office of the Company, 3810 St. Antoine Street, Montreal, Quebec, Canada, on Wednesday, April 9, 1969 at 10:30 o'clock in the forenoon.

The business to be transacted at the Annual General Meeting shall be as follows:

- 1 To receive and consider the report of the Directors, including the financial statements of the Company and the report of the Company's Auditors;
- 2 To elect Directors for the ensuing year;
- 3 To appoint Auditors for the ensuing year and authorize the Directors to fix their remuneration;
- 4 To transact such other business as may properly come before the meeting.

In accordance with the By-Laws of the Company, the Board of Directors has chosen Tuesday, March 25, 1969 as the record date for the determination of shareholders entitled to notice of this Annual General Meeting.

Dated at Montreal this 20th day of February, 1969.



Norman J. Flynn. Secretary.



# Information

This statement is furnished in connection with the solicitation of proxies by the management of Imperial Tobacco Company of Canada Limited (hereinafter sometimes called the "Company") for use at the Annual General Meeting of shareholders of the Company to be held on Wednesday, April 9, 1969 at the Head Office of the Company, 3810 St. Antoine Street, Montreal, Quebec, at 10:30 o'clock in the forenoon for the purposes set forth in the notice of meeting.

MAR 21 1969

Name	Principal Occupation	Year first became a Director	Number of shares of Company beneficially owned directly or indirectly as at February 20, 1969	
William H. Booth	Vice-President. Has been a senior official in the Finance Division for a period in excess of the five preceding years.	1966	Common 300	Preference —
Bernard Dansereau, Q.C.	Vice-President and General Counsel. Has been General Counsel since 1963 and also Secretary for a period in excess of the last two years.	1964	200	—
John M. Keith	President. Has been President or Executive Vice-President for a period in excess of the five preceding years.	1947	1001	1
Leo C. Laporte	Vice-President. Has been Vice-President of the Research and Development Division for a period in excess of the five preceding years.	1962	500	—
Gilles H. Paquette	Vice-President. Has been a senior official in the Industrial Relations Department and the Administration Division for a period in excess of the five preceding years.	1969	50	—
Paul Paré	Executive Vice-President. Has been Executive Vice-President, Vice-President or a senior official in the Marketing Division of the Company for a period in excess of the five preceding years.	1964	214	—
L. Edmond Ricard	Vice-President. Has been a senior official in the Marketing Division for a period in excess of the five preceding years.	1969	50	—
George G. Ross	Vice-President. Has been Comptroller for the preceding two and a half years and previously had been Chief Accountant of Iron Ore Company of Canada for a period in excess of two and a half years.	1969	100	—
Clifford Warren	Vice-President. Has been a senior official in the Manufacturing Division for a period in excess of the five preceding years.	1969	50	—

Note: Each of the nominees has served as a Director since the year he first became a Director.

## Voting Shares and principal owners thereof

The Company has, issued and outstanding, 9,670,532 voting common shares without nominal or par value and 1,194,511 6% cumulative preference shares. The holders of the 6% cumulative preference shares have no right to attend or vote at meetings, unless the dividend upon the shares or any of them is and so long as it is one month in arrear or the meeting is convened for increasing or reducing the capital or winding up or sanctioning the sale of the undertaking or altering the regulations of the Company. Each share registered in a shareholder's name on the date of the meeting entitles him to one vote. As at February 20, 1969, British American Tobacco Company Limited beneficially owned 4,275,604 common shares without nominal or par value of the Company representing 44% of the outstanding voting common shares without nominal or par value of the Company and 275,080 6% cumulative preference shares of the par value of \$4.86½ each of the Company representing 23% of the outstanding 6% cumulative preference shares, and Tobacco Securities Trust Company Limited beneficially owned 1,382,000 common shares without nominal or par value of the Company representing 14% of the outstanding voting common shares. To the knowledge of the Directors and senior officers of the Company, no other person beneficially owns directly or indirectly more than 10% of the said outstanding common shares or of the said outstanding 6% cumulative preference shares of the Company.

## Election of Directors

The following are the names of the persons for whom it is intended to vote for their election as Directors pursuant to the proxy which is hereby solicited: W. H. Booth, Bernard Dansereau, Q.C., John M. Keith, Leo C. Laporte, Gilles H. Paquette, Paul Paré, L. E. Ricard, G. G. Ross, C. Warren, all of whom are full-time employees of the Company. The term of office for each Director is from the date of the meeting at which he is elected until the annual general meeting next following or until his successor is elected or appointed. In the event that any vacancy occurs in the said list of nominees, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as Directors.

## Remuneration of management and others

The aggregate direct remuneration paid or payable by the Company or its consolidated subsidiaries to the Directors and senior officers of the Company during the financial year ended December 31, 1968, amounted to \$637,000. The estimated aggregate cost to the Company or its subsidiaries in the said financial year of all pension benefits proposed to be paid under the Company's retirement plans to senior officers of the Company and to the Directors who participate in such plan in the event of retirement at normal retirement age was \$93,000.

## Appointment of Auditors

It is intended to vote the proxies hereby solicited to re-appoint Deloitte, Plender, Haskins and Sells, the present auditors, as auditors of the Company to hold office until the next Annual General Meeting of shareholders and to authorize the Directors to fix their remuneration.

## Voting of proxies

A shareholder has the right to appoint a person (who need not be a shareholder) to attend and vote for him and on his behalf at the meeting other than the persons designated in the enclosed form of proxy. To exercise this right the shareholder may insert the name of the desired person in the blank space provided in the proxy and strike out the other names, or may submit another appropriate proxy. The shares represented by the proxy will be voted. It is not intended to use the proxy for the purpose of voting upon the Company's financial statement for the financial year ended December 31, 1968, and the reports of the Directors and Auditors thereon. A shareholder executing the enclosed form of proxy has the power to revoke it at any time before its exercise by instrument in writing deposited with the Secretary of the Company.

## Other Matters

The management knows of no matters to come before the meeting of shareholders other than the matters referred to in the notice of meeting. Should any other matters properly come before the meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person voting the proxy.

Dated at Montreal this 20th day of February, 1969.

Norman J. Flynn, Secretary



# Convocation à l'assemblée annuelle

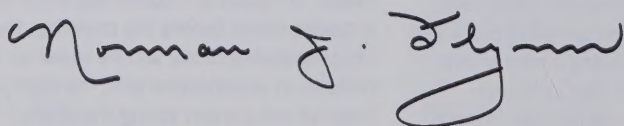
L'assemblée annuelle des actionnaires de Imperial Tobacco du Canada Limitée sera tenue au siège social de la compagnie, au 3810, rue St-Antoine, Montréal, le mercredi 9 avril 1969 à 10 heures 30 du matin.

L'assemblée annuelle procédera à:

- 1 la réception et l'étude du rapport des administrateurs, comprenant les états financiers de la compagnie et le rapport de ses vérificateurs de comptes;
- 2 l'élection des administrateurs du prochain exercice;
- 3 la nomination des vérificateurs de comptes du prochain exercice et le mandat à accorder aux administrateurs de déterminer les honoraires de ceux-ci;
- 4 la négociation de toute autre affaire qui peut être valablement soumise à l'assemblée.

Conformément aux règlements de la compagnie, les actionnaires inscrits au registre à la fermeture des bureaux au plus tard le 25 mars 1969, date-clôture fixée par le conseil d'administration, seront avisés de la tenue de l'assemblée annuelle.

Datée à Montréal, ce 20<sup>e</sup> jour de février 1969.



Le secrétaire, Norman J. Flynn.



# Information

Cette déclaration est fournie à propos de la sollicitation par la direction de Imperial Tobacco du Canada Limitée (ci-après appelée la “compagnie”) de procurations devant être produites lors de l'assemblée annuelle des actionnaires de la compagnie qui sera tenue le mercredi 9 avril 1969 au siège social de la compagnie, 3810, rue St-Antoine, Montréal, Québec, à 10 heures 30 du matin aux fins énoncées dans la convocation à cette assemblée.

Note : Tous les candidats proposés sont administrateurs de la compagnie depuis la date de leur première élection.

Nom	Occupation principale	Administrateur pour la première fois en	Nombre d'actions de la compagnie détenues en propriété directe ou indirecte au 20 février 1969	
William H. Booth	Vice-président. A aussi détenu des postes de direction supérieure dans le service des finances pour une période excédant les cinq dernières années.	1966	Ordinaires 300	Privilégiées —
Bernard Dansereau, c.r.	Vice-président et chef du contentieux. Agit comme chef du contentieux depuis 1963 et comme secrétaire pour une période excédant les deux dernières années.	1964	Ordinaires 200	Privilégiées —
John M. Keith	Président. A occupé les fonctions de président ou de vice-président senior du conseil pour une période excédant les cinq dernières années.	1947	Ordinaires 1001	Privilégiées 1
Leo C. Laporte	Vice-président. A occupé les fonctions de vice-président du service de la recherche et de la mise au point des produits pour une période excédant les cinq dernières années.	1962	Ordinaires 500	Privilégiées —
Gilles H. Paquette	Vice-président. A aussi détenu des postes de direction supérieure dans le service des relations industrielles et de l'administration du personnel pour une période excédant les cinq dernières années.	1969	Ordinaires 50	Privilégiées —
Paul Paré	Vice-président senior du conseil. A aussi occupé la fonction de vice-président ou détenu des postes de direction supérieure dans le service de mise en marché pour une période excédant les cinq dernières années.	1964	Ordinaires 214	Privilégiées —
L. Edmond Ricard	Vice-président. A aussi détenu des postes de direction supérieure dans le service de mise en marché pour une période excédant les cinq dernières années.	1969	Ordinaires 50	Privilégiées —
George G. Ross	Vice-président. A aussi détenu le poste de contrôleur au cours des deux ans et demi précédents et antérieurement comptable en chef à Iron Ore Company of Canada pendant une période excédant deux ans et demi.	1969	Ordinaires 100	Privilégiées —
Clifford Warren	Vice-président. A aussi détenu des postes de direction supérieure dans le service de l'usinage pour une période excédant les cinq dernières années.	1969	Ordinaires 50	Privilégiées —

## Election des administrateurs

Voici la liste des personnes en faveur des- quelles on se propose d'enregistrer les suffrages en vue de leur élection au poste d'administrateur conformément à la procu- ration sollicitée par les présentes : W. H. Booth, Bernard Dansereau, c.r., John M. Keith, Leo C. Laporte, Gilles H. Paquette, Paul Paré, L. E. Ricard, G. G. Ross, C. Warren, qui sont tous des employés à plein temps de la compagnie. Les fonctions de chaque administrateur durent depuis le jour de l'assemblée à laquelle il est élu jusqu'à celui de l'assemblée annuelle suivante ou jusqu'à ce que son successeur soit élu ou nommé. On a l'inten- tion d'utiliser les procurations pour l'élection des candidats proposés. Advenant toute vacance dans la liste des candidats, on se propose d'obtenir un mandat discrétionnaire pour faire servir les votes représentés par la procuration à l'élection de toute autre personne au poste d'administrateur.

## Rémunération des dirigeants et autres membres de la direction

La rémunération totale directe versée ou payable par la compagnie ou ses filiales consolidées aux administrateurs et membres de la direction de la compagnie durant l'exercice terminé le 31 décembre 1968 s'est élevée à \$637,000. Le montant total estimatif que la compagnie ou ses filiales auraient à verser en prestations de pensions pour ledit exercice, en vertu des régimes de pensions de la compagnie, à ses membres de la direction et à ses administrateurs en cas de retraite à l'âge normalement prévu, se chiffre par \$93,000.

## Actions admises au vote et ses principaux détenteurs

Le nombre d'actions ordinaires, sans valeur nominale, émises et en circulation, se chiffre par 9,670,532 et le nombre d'actions privilégiées à dividende cumulatif de 6% par 1,194,511. Les détenteurs de ces actions privilégiées n'ont droit d'assister ou voter à une assemblée d'actionnaires que si un paiement de dividendes est plus d'un mois en retard ou si l'assemblée est convoquée en vue d'augmenter ou de diminuer le capital- actions, de liquider ou vendre l'entreprise ou encore d'en amender les règlements. Toute action enregistrée au moment de l'assemblée donne droit à un vote. En date du 20 février 1969, British American Tobacco Company est la détentrice bénéficiaire de 4,275,604 actions ordinaires, sans valeur nominale, représentant 44% du total de ces actions en circulation, et de 275,080 actions privilégiées à dividende cumulatif de 6% représentant 23% du total de ces actions en circulation. Tobacco Securities Trust Company Limited est la détentrice bénéficiaire de 1,382,000 actions ordinaires, sans valeur nominale, repré- sentant 14% du total de ces actions en circulation. Les administrateurs et autres membres de la direction ne connaissent aucun autre détenteur bénéficiaire possédant directement ou indirectement plus de 10% du total des actions ordinaires ou privilégiées.

## Nomination des vérificateurs de comptes

On a l'intention d'utiliser les procurations sollicitées par les présentes pour nommer de nouveau Deloitte, Plender, Haskins et Sells, les vérificateurs de comptes actuels jusqu'à la prochaine assemblée annuelle des action- naires et d'autoriser les administrateurs à déterminer les honoraires de ceux-ci.

## Vote par procuration

Tout actionnaire a le droit de nommer une personne (pas nécessairement un action- naire) autre que celle qui est désignée à la formule de procuration ci-jointe, pour assister et voter pour lui et en son nom à l'assemblée. Pour exercer ce droit l'action- naire peut insérer le nom de la personne choisie dans l'espace laissé en blanc dans la procuration et rayer les autres noms, ou produire une autre procuration convenable. La procuration servira au vote des actions qu'elle représente. On n'a pas l'intention d'utiliser la procuration pour l'approbation par voie de vote des états financiers de la compagnie pour l'exercice terminé le 31 décembre 1968 et des rapports des administrateurs et des vérificateurs de comptes concernant ces états. Tout actionnaire ayant donné procuration au moyen de la formule ci-jointe peut la révo- quer en tout temps avant qu'elle n'ait servi au vote, par avis écrit remis au secrétaire de la compagnie.

## Affaires nouvelles

La direction n'est au courant d'aucune autre affaire qui puisse être soumise à l'assemblée des actionnaires que celles dont il est ques- tion dans la convocation. Si toute autre affaire est soumise en bonne et due forme à l'assemblée, la procuration ci-jointe servira à voter sur ladite affaire selon le bon juge- ment de la personne qui votera en vertu de la procuration.

Datée à Montréal ce 20e jour de février 1969.

Le secrétaire, Norman J. Flynn



## **A nos actionnaires**

Veillez trouver sous pli un avis de convocation pour l'assemblée générale spéciale qui aura lieu le mercredi, 16 septembre 1970. Cette assemblée a pour but d'obtenir votre approbation sur les sujets suivants: changement de la raison sociale de la Compagnie, création d'un siège supplémentaire au conseil d'administration, élection de trois nouveaux administrateurs.

Vous vous souvenez peut-être que, dans notre dernier rapport annuel, ainsi qu'à l'assemblée générale annuelle en avril, je vous ai annoncé que nous songions à changer la raison sociale de la Compagnie. Nous voulions non seulement que ce nouveau nom illustre les nombreuses facettes de l'activité internationale de la Compagnie, mais aussi qu'on ne le confonde plus avec celui de notre principale division, Les Produits Impérial Tobacco Limitée.

Nous avons donc choisi le nom "Imasco Limitée" — en anglais, "Imasco Limited". Imasco est formé des deux premières lettres des mots "Impérial", "Associées" et "Compagnies".

Parallèlement à ce changement de raison sociale, nous modifions également la structure de la Compagnie, répartissons les tâches à la direction et nommons les trois directeurs suivants au conseil d'administration:

M. John F. Taormina, vice-président, qui vient d'être nommé directeur général de la division des produits alimentaires;

M. John J. Ruffo, vice-président, qui conservera son poste de président de United Cigar Stores Limited et représentera au conseil UCS, Growers' Wine et Simtel/Editel;

M. Ian Murray, vice-président, qui demeurera vice-président de la commercialisation, à la compagnie Les Produits Impérial Tobacco Limitée et se chargera également de la commercialisation du groupe de compagnies.

Parmi les changements à la direction, citons les noms suivants:

M. Norman A. Dann, auparavant directeur des relations publiques, vient d'être nommé vice-président et sera responsable des relations publiques et des communications du groupe.

M. Léo C. Laporte a démissionné du conseil pour travailler à temps complet au Comité Ad Hoc sur le Tabac et la Santé de l'industrie canadienne du tabac dont il est le directeur administratif. M. Gilles H. Paquette se retire du conseil pour des raisons de santé mais conservera son poste de vice-président et deviendra premier adjoint de M. William H. Booth qui vient d'être nommé vice-président, chargé du personnel pour le groupe.

M. George G. Ross, C.A., autrefois vice-président de la planification pour le groupe, vient d'être nommé vice-président des finances.

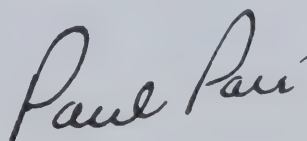
Nous sommes convaincus que ces changements consolideront davantage la Compagnie et lui permettront plus facilement de relever le défi de l'avenir tout en lui assurant un rôle plus prépondérant, à l'échelon international, dans le domaine des produits de consommation.

Si le changement du nom de la Compagnie est approuvé, il ne vous *sera pas* nécessaire de retourner les certificats d'actions en votre possession car ils sont et demeureront valides.

Les administrateurs espèrent que vous assisterez à l'assemblée générale spéciale, soit en personne, soit par procuration.

Veillez agréer l'expression de mes sentiments les meilleurs,

le président, Paul Paré



Le 21 août 1970



## Convocation à une assemblée générale spéciale des actionnaires

Une assemblée générale spéciale des actionnaires de l'Imperial Tobacco du Canada Limitée se tiendra au siège social de la compagnie, au 3810, rue St-Antoine, Montréal 207, Québec, Canada, le mercredi 16 septembre 1970, à 10 heures 30 du matin aux fins suivantes:

1. Etudier, et si la chose est jugée opportune, ratifier le règlement spécial "Z" de la compagnie, adopté par le conseil d'administration le 23 juillet 1970, lequel modifie le règlement no 1 changeant le nom de la compagnie qui sera, désormais, "Imasco Limitée"—en anglais, "Imasco Limited"—et non plus "Imperial Tobacco du Canada Limitée"—en anglais, "Imperial Tobacco Company of Canada Limited";
2. Etudier, et si la chose est jugée opportune, ratifier le règlement spécial "AA" de la compagnie, adopté par le conseil d'administration le 23 juillet 1970, lequel modifie le règlement no 27 en augmentant de neuf à dix le nombre des administrateurs qui formeront désormais le conseil d'administration de la compagnie;
3. Elire trois administrateurs qui occuperont les sièges vacants au conseil.

Conformément aux règlements de la compagnie, le conseil d'administration a choisi le lundi 31 août 1970 comme date-clôture à laquelle les actionnaires ont le droit d'être convoqués à cette assemblée générale spéciale.

Montréal, le 21 août 1970

Le secrétaire, Norman J. Flynn



## Information

Cette déclaration concerne la demande par la direction de l'Imperial Tobacco du Canada Limitée (ci-après appelée la "compagnie") de procurations devant être produites lors d'une assemblée générale spéciale. Si vous prévoyez ne pas assister à cette assemblée, veuillez signer et retourner la procuration ci-jointe dans l'enveloppe prévue à cet effet.

### *Actions admises au vote et ses principaux détenteurs*

Le nombre d'actions ordinaires, sans valeur nominale, émises et en circulation, se chiffre par 9,670,532 et le nombre d'actions privilégiées à dividende cumulatif de 6% par 1,191,888. Les détenteurs de ces actions privilégiées n'ont le droit d'assister ou de voter à une assemblée d'actionnaires que si un paiement de dividendes est plus d'un mois en retard ou si l'assemblée est convoquée en vue d'augmenter ou de diminuer le capital-actions, de liquider ou de vendre l'entreprise ou encore d'en amender les règlements. En conséquence, les actionnaires privilégiés n'ont droit de vote que sur les articles 1 et 2. Toute action enregistrée au moment de l'assemblée donne droit à un vote. En date du 21 août 1970, British American Tobacco Company Limited est la détentrice bénéficiaire de 4,275,604 actions ordinaires, représentant 44% du total de ces actions en circulation, et de 275,080 actions privilégiées à dividende cumulatif de 6% d'une valeur nominale de \$4.86 $\frac{2}{3}$  représentant 23% du total de ces actions en circulation. Tobacco Securities Trust Company Limited est la détentrice bénéficiaire de 1,382,000 actions ordinaires représentant 14% du total de ces actions en circulation. Les administrateurs et autres membres de la direction ne connaissent aucun autre détenteur bénéficiaire possédant directement ou indirectement, en date du 21 août 1970, plus de 10% du total des actions ordinaires ou privilégiées.



### *Vote par procuration*

Tout actionnaire a le droit de nommer une personne autre que celles qui sont désignées à la formule de procuration ci-jointe, pour assister et voter pour lui et en son nom à l'assemblée. Pour exercer ce droit l'actionnaire peut insérer le nom de la personne choisie dans l'espace laissé en blanc dans la procuration et rayer les autres noms ou produire une autre procuration convenable. La procuration servira au vote des actions qu'elle représente. La procuration ci-jointe donne un droit de vote discrétionnaire aux personnes mentionnées sur cette procuration. Ces personnes voteront selon les instructions données par les actionnaires sur la procuration ou, en l'absence de telles instructions, voteront pour ratifier les règlements spéciaux "Z" et "AA" et pour élire les trois candidats au conseil d'administration. Tout actionnaire peut révoquer sa procuration en tout temps avant qu'elle n'ait servi au vote, par avis écrit remis au secrétaire de la compagnie.

### *Election des administrateurs*

Les personnes nommées sur la procuration ci-jointe ont l'intention de voter en faveur de l'élection des candidats suivants au conseil d'administration, qui sont tous des employés à temps plein de la compagnie, ses filiales ou compagnies associées:

Ian W. Murray, vice-président. Est aussi vice-président à la commercialisation, Les Produits Imperial Tobacco Limitée. Avant de venir à l'Imperial Tobacco en 1968, il était vice-président, directeur général et associé sénior de la Maison McConnell Eastman Limited. Est détenteur bénéficiaire de 50 actions ordinaires.

John J. Ruffo, vice-président. Est aussi président de United Cigar Stores Limited depuis mars 1969. Antérieurement membre de l'équipe affectée au programme de diversification de la compagnie. Est détenteur bénéficiaire de 60 actions ordinaires.

John F. Taormina, vice-président. Détenait depuis décembre 1969 le poste de président de S and W Fine Foods, Inc. Avait été précédemment président de Progresso Foods Corp. (autrefois Uddo & Taormina Corp.). Est détenteur bénéficiaire de 200 actions ordinaires.

Les fonctions de chaque administrateur durent depuis le jour de l'assemblée à laquelle il est élu jusqu'à celui de l'assemblée générale annuelle suivante ou jusqu'à ce qu'un successeur soit élu ou nommé. Advenant toute vacance dans la liste des candidats, on se propose d'obtenir un mandat discrétionnaire pour faire servir les votes représentés par la procuration à l'élection de tout autre candidat.

Le secrétaire, Norman J. Flynn  
Montréal, le 21 août 1970



AR27

## To Our Shareholders

Included with this letter is a Notice of Special General Meeting which is to be held on Wednesday, September 16, 1970. The purpose of this meeting is to obtain your approval for changing the name of the Company, for enlarging the board of directors by one, and to elect three new directors.

You may recall that in our last annual report, and again at our annual general meeting in April, I said that we were looking into changing the name of the Company to one that would reflect the diverse international interests of the Company and that would not be confused with the name of our major operating division, Imperial Tobacco Products Limited.

We have now selected the name "Imasco Limited" — in French, "Imasco Limitée". Imasco is a contraction of Imperial and Associated Companies.

At the same time as we change our name, we are altering the structure of the Company, realigning some management responsibilities, and nominating the following three officers to the board of directors:

Mr. John F. Taormina, vice-president, who has been appointed general manager of the food division;

Mr. John J. Ruffo, vice-president, who will continue as president of United Cigar Stores, Limited and will represent the combined operations of UCS, Growers' Wine and Simtel/Editel at the corporate level;

Mr. Ian W. Murray, vice-president, who will continue as vice-president - marketing, Imperial Tobacco Products Limited, and in addition will respond to the marketing needs of the corporate group.

AUG 28 1970

Among the changes in management responsibilities are the following:

Mr. Norman A. Dann, formerly manager of public relations, has been appointed vice-president and will be responsible for group public relations and communications.

Mr. Leo C. Laporte has relinquished his seat on the board in order to devote full time to the Ad Hoc Committee on Smoking and Health of the Canadian Tobacco Industry of which he is executive director.

Mr. Gilles H. Paquette is withdrawing from the board for health reasons, but will retain his office of vice-president and become a senior associate of Mr. William H. Booth who has been appointed vice-president of group personnel.


Mr. George G. Ross, C.A., formerly vice-president of corporate planning, has been named vice-president of finance.

We are confident that these changes will strengthen the Company and place it in a better position to successfully meet the challenges of the years ahead as we assume our broader, international role in the consumer products field.

If the change in Company name is sanctioned and confirmed, it *will not* be necessary to return the share certificates you are presently holding as they are and will remain valid.

The directors look forward to your presence at the Special General Meeting either in person or by proxy.

Yours sincerely,



Paul Paré, President  
August 21, 1970



**Notice of Special General Meeting  
of Shareholders**

Notice is hereby given that a Special General Meeting of the Shareholders of Imperial Tobacco Company of Canada Limited will be held at the Head Office of the Company, 3810 St. Antoine Street, Montreal 207, Quebec, Canada, at 10:30 a.m. on Wednesday, September 16, 1970 for the following purposes:

1. To consider and if deemed advisable, to sanction Special By-law “Z” of the Company, enacted by the Directors on July 23, 1970, which amends By-law 1 and provides for a change in the corporate name of the Company from “Imperial Tobacco Company of Canada Limited” — in French, “Imperial Tobacco du Canada Limitée” — to “Imasco Limited” — in French, “Imasco Limitée”;
2. To consider and if deemed advisable, to sanction Special By-law “AA” of the Company, enacted by the Directors on July 23, 1970, which amends By-law 27 and provides that the affairs of the Company shall be managed by a Board of Directors to consist of 10 persons, instead of nine;
3. To elect three Directors to fill vacancies on the Board.

In accordance with the By-laws of the Company, the Directors have chosen Monday, August 31, 1970, as the record date for the determination of shareholders entitled to notice of this Special General Meeting.

Montreal, August 21, 1970



Norman J. Flynn, Secretary

**Information**

This statement is furnished in connection with the solicitation of proxies by the management of Imperial Tobacco Company of Canada Limited (hereinafter sometimes called the “Company”) for use at the Special General Meeting. If you are unable to attend this meeting in person, please sign and return the enclosed proxy form in the envelope provided.

*Voting shares and principal owners thereof*

The Company has, issued and outstanding, 9,670,532 voting common shares without nominal or par value and 1,191,888 6% cumulative preference shares. The holders of the 6% cumulative preference shares have no right to attend or vote at meetings, unless the dividend upon the shares is, and so long as it is, one month in arrear, or the meeting is convened for increasing or reducing the capital, or winding up or sanctioning the sale of the undertaking, or altering the by-laws of the Company. Accordingly, preference shareholders are entitled to vote on items 1 and 2 only. Each share registered in a shareholder’s name on the date of the meeting entitles him to one vote. As at August 21, 1970, British American Tobacco Company Limited beneficially owned 4,275,604 common shares representing 44% of the outstanding voting common shares of the Company and 275,080 6% cumulative preference shares, of the par value of \$4.86⅔ each, representing 23% of the outstanding 6% cumulative preference shares of the Company, and Tobacco Securities Trust Company Limited beneficially owned 1,382,000 common shares of the Company representing 14% of the outstanding voting common shares. To the knowledge of the Directors and senior officers of the Company, no other person, as at August 21, 1970, beneficially owned, directly or indirectly, more than 10% of the outstanding common shares or of the outstanding 6% cumulative preference shares of the Company.

*Voting of proxies*

A shareholder may appoint a person other than the persons designated in the enclosed proxy form to attend and vote for him at the meeting. To exercise this right, the shareholder should write the name of the desired person in the blank space provided in the proxy and strike out the other names, or submit another appropriate proxy. The shares represented by the proxy will be voted. The accompanying proxy form confers discretionary voting authority upon the persons designated therein and while such persons will vote the shares in respect of which they have been appointed in accordance with the direction of the shareholder as specified in the proxy, in the absence of such direction such shares will be voted for the sanctioning of Special By-law “Z” and Special By-law “AA” and for the election of the three nominees as Directors. A shareholder may revoke his proxy at any time before its exercise by writing to the Secretary of the Company.

*Election of Directors*

The persons named in the enclosed proxy form intend to exercise their discretionary authority to vote for the election of the following nominees as Directors, all of whom are full-time employees of the Company, its subsidiaries or affiliates:

Ian W. Murray, Vice-President. Is also Vice-President — Marketing of Imperial Tobacco Products Limited. Before joining the Company in 1968, he was Vice-President and General Manager and a Senior Partner of McConnell Eastman Limited. Beneficially owns 50 common shares.

John J. Ruffo, Vice-President. Is also President of United Cigar Stores, Limited. Previous to this appointment in March 1969, he was engaged principally in the Company’s diversification program. Beneficially owns 60 common shares.

John F. Taormina, Vice-President. Was President of S and W Fine Foods, Inc. from December 1969 and previously a Vice-President of Progresso Foods Corp. (formerly Uddo & Taormina Corp.). Beneficially owns 200 common shares.

The term of office for each Director is from the date of the meeting at which he is elected until the next annual general meeting or until a successor is elected or appointed. In the event that any vacancy occurs in the list of nominees, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other nominee.

Norman J. Flynn, Secretary  
Montreal, August 21, 1970



Imperial Tobacco Company of Canada Limited  
Imperial Tobacco du Canada Limitée

**AR27**

●  
**images**







It has been said that a photograph is not the thing itself, but somebody's way of looking at it. This photographic essay shows some of the activities of Imperial Tobacco and its affiliated companies.

On dit couramment qu'une photo ne reproduit pas l'objet tel qu'il est en réalité, mais bien tel qu'on le voit. Ainsi notre photographe a-t-il voulu représenter à sa manière certains champs d'activité de l'Imperial Tobacco et de ses filiales.

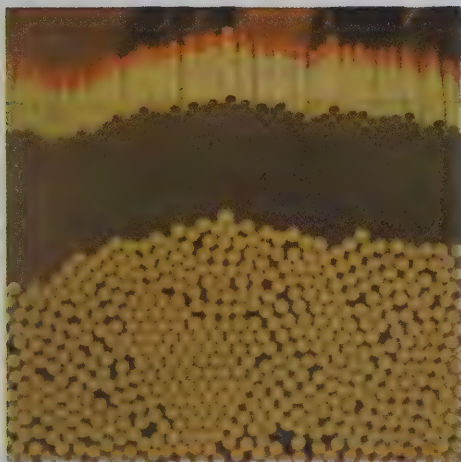






Our story begins with bright tobacco leaf growing in the sun of Canada's summers, curing in kilns on the farms, and going through several operations at the leaf processing plants.

L'histoire commence par le tabac qui croît en beauté sous l'ardeur du soleil estival canadien. Séché au four à la plantation même, il subit par la suite les traitements appropriés aux usines de tabac en feuilles.



The tobacco, paper, and filter ends of finished cigarettes provide contrasts in color for the camera's eye.

Filter rods of pure white cellulose acetate look not unlike cigarettes as they stream from the filter making machines.

La cigarette sous sa forme définitive. Les couleurs du tabac, du papier et des bouts-filtres offrent au photographe un jeu de contrastes intéressant.

La machine à fabriquer les filtres produit des montagnes de tiges en acétate de cellulose, d'un blanc éclatant.





Laboratory equipment frames and modifies the camera's view of a technician carrying out chemical analysis in our Research and Development Centre.

Mettant à contribution de simples instruments de laboratoire, notre photographe a su donner libre cours à son originalité. Il s'agissait ici de faire voir une technicienne procédant à des travaux d'analyse chimique au Centre de Recherches et de Mise au Point.

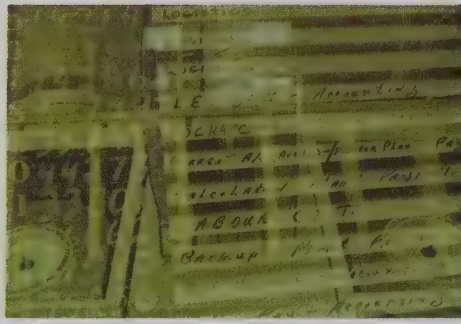
Specialists who seek new and better ways of doing things, who continually scrutinize the methods and processes currently in use, make an important contribution to the corporation which seeks to improve its place in the economy.

La compagnie oeuvre sans relâche en vue d'améliorer sa contribution à l'économie. A cet effet, ses spécialistes travaillent avec acharnement au perfectionnement des méthodes de fabrication courantes.









Innotron International Limited, in its quest for new directions in diversification for Imperial Tobacco, mobilizes the imagination and creativity of carefully-selected Innotron Associates. They look not only to the business opportunities of today, but also to the changing patterns of our society which tomorrow will place new demands upon manufacturing industries.

La société Innotron International Limited vise à orienter la diversification de l'activité commerciale de l'Imperial Tobacco. Elle a confié cette tâche délicate aux Associés Innotron, groupe dynamique de spécialistes triés sur le volet. Ces derniers axent leurs études non seulement vers les occasions d'affaires de l'heure, mais également vers les possibilités de l'avenir, alors que l'évolution constante de la société imposera à l'industrie des exigences nouvelles.





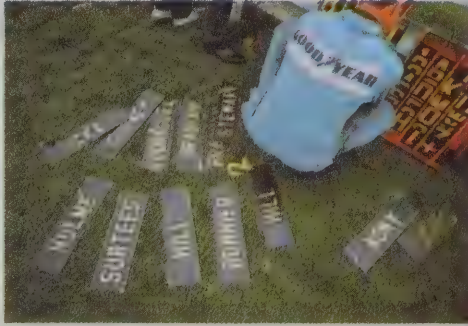




The snarls of fine-tuned engines at speed, the pungent odors of fuel and rubber and the roar of 45,000 enthusiasts punctuated the color and motion of the Player's Grand Prix at St. Jovite, Quebec, in September 1968.

Photo prise en septembre 1968, au Grand Prix Player's tenu à Saint-Jovite (Québec), alors qu'il régnait au sein des 45,000 spectateurs un enthousiasme débordant. On croirait entendre le rugissement des moteurs surpuissants, respirer l'odeur du carburant et du caoutchouc.





Some 75 UCS stores have taken on the Inclination personality, selling inexpensive but carefully-selected gift and novelty items from many nations in bright and frolicsome store settings.

Quelque 75 débits UCS se sont métamorphosés en boutiques Inclination. L'acheteur y trouve une multitude d'articles de choix et de nouveautés attrayantes importées des quatre coins du globe. L'ambiance inédite, voire amusante, donne à ces boutiques un cachet à nul autre pareil.





A pretty girl, bright flowers, and lapel buttons express the variety of impressions with which Inclination greets customers.

Un cadre de jolies fleurs et d'insignes cocasses et une charmante jeune fille représentent l'étalage varié d'une boutique Inclination.

These men do not keep up — they stay ahead. Adventurers in merchandising, they scout world markets for the new and exciting items which Inclination offers its customers.

Les trois brillants mousquetaires de la mise en valeur. Ils parcourent le monde pour découvrir les articles les plus inusités susceptibles de plaire à la clientèle des boutiques Inclination.





Closed circuit television is now bringing Company news and the comments of management to employees in all major plants and offices at regular intervals.

Par le truchement de la télévision en circuit fermé, les cadres de la compagnie communiquent régulièrement avec le personnel des principaux bureaux et usines.







A safety mirror presents an interesting view of a specialized printing and converting unit in Canada Foils' Toronto plant.

Réfléchi dans un miroir de sécurité, on voit ici l'un des appareils ultra-précis d'impression et de transformation dont s'enorgueillit la Canada Foils à son usine de Toronto.

Aluminum foil gleams with the bright promise of making attractive packaging for Canadian products.

L'éclat de ce gigantesque rouleau de papier d'aluminium se retrouvera dans l'emballage de toute une gamme de produits canadiens.

Good packaging does many jobs; it catches the eye of the consumer, identifies the product, and protects the contents from damage or deterioration. Canada Foils, Limited is Canada's largest producer of foils and flexible packaging.

L'emballage doit être conçu à plusieurs fins: en plus de protéger le contenu contre les dommages et la détérioration, il doit identifier efficacement le produit et capter le regard du client. Au Canada, Canada Foils, Limited est le plus important producteur de papiers d'aluminium et d'emballages souples.







In the Niagara Peninsula and in the Okanagan Valley, wine grapes ripen in the summer sun. Once picked, their flavors will enhance Beau Chatel and Growers' wines.

Dans les vignobles de la Péninsule du Niagara et de la Vallée d'Okanagan mûrissent des raisins de qualité qui servent à la fabrication des vins de la Beau Chatel et de la Growers'.









**PIPE TOBACCOS**  
**IMPORTED FROM THE UNITED KINGDOM**

BULWARK	CAPSTAN MEDIUM	GLASGOW MIXTURE
ST. BRUNO	THREE CASTLES MILD	
THREE NUNS	WAYERLEY MIXTURE	CAPSTAN FULL
PLAYER'S NAVY CUT MEDIUM	PLAYER'S NO NAME	
ST. JULIEN	WILLS' SHAG	
SWEET CHESTNUT		

**HAVANA CIGARS - IMPORTED**

LA. CORONA - VARIOUS SHAPES  
CABANAS - VARIOUS SHAPES

*A Selection  
of the  
More Popular Brands  
of*  
**CIGARETTES  
CIGARS  
and  
TOBACCOS**

IMPERIAL TOBACCO COMPANY OF CANADA, LIMITED



## CIGARETTES

PLAYER'S (Mild & Medium)

SWEET CAPORAL

MILLBANK

WINCHESTER

W. D. & H. O. WILLS' GOLD FLAKE

PALL MALL, PLAIN END, KING SIZE

BEL-AIR, MENTHOL, FILTER TIP, KING SIZE

CAMEO MENTHOL, FILTER TIP, KING SIZE

MATINÉE FILTER TIPPED

PALL MALL, FILTER TIP, KING SIZE

CHEVRON, FILTER TIP, KING SIZE

MAYFAIR KINGS, FILTER TIP

VICEROY, FILTER TIP, LONG SIZE

GOLD CREST, ALL-TOBACCO TIP

## CIGARS

HOUSE OF LORDS

PUNCH

WHITE OWL

DAILY DOUBLE

GEM

LA PALINA

BACHELOR

OLD PORT

COLUMBIA

LORD TENNYSON

ROBERT BURNS

## PIPE TOBACCOS

IMPERIAL MIXTURE

PICCADILLY

FOREST & STREAM

OLD CHUM

OLD VIRGINIA

PICOBAC

SIR WALTER RALEIGH

BRAHADI'S

## CIGARETTE TOBACCOS

OGDEN'S

OLD CHUM

OLD VIRGINIA

PLAYER'S

SWEET CAPORAL

VOGUE

# Notice of Annual General Meeting


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The Annual General Meeting of the shareholders of Imperial Tobacco Company of Canada Limited will be held at the Head Office of the Company, 3810 St. Antoine Street, Montreal 207, Quebec, Canada, at 10:30 a.m., on Wednesday, April 15, 1970, for the transaction of the following business:

1. To receive and consider the report of the Directors, including the financial statements of the Company and the report of the Company's Auditors;
2. To elect Directors for the ensuing year;
3. To appoint Auditors for the ensuing year and authorize the Directors to fix their remuneration;
4. To transact such other business as may properly come before the meeting.

In accordance with the By-laws of the Company, the Directors have chosen Tuesday, March 31, 1970, as the record date for the determination of shareholders entitled to notice of this annual general meeting.

Montreal, February 26, 1970

  
Norman J. Flynn, Secretary

## Information

This statement is furnished in connection with the solicitation of proxies by the management of Imperial Tobacco Company of Canada Limited (hereinafter sometimes called the "Company") for use at the Annual General Meeting.

If you are unable to attend this meeting in person, please sign and return the enclosed proxy form in the envelope provided.

### Voting shares and principal owners thereof

The Company has, issued and outstanding, 9,670,532 voting common shares without nominal or par value and 1,191,888 6% cumulative preference shares. The holders of the 6% cumulative preference shares have no right to attend or vote at meetings, unless the dividend upon the shares is, and so long as it is, one month in arrear, or the meeting is convened for increasing or reducing the capital, or winding up or sanctioning the sale of the

undertaking, or altering the regulations of the Company. Each share registered in a shareholder's name on the date of the meeting entitles him to one vote. As at February 26, 1970, British American Tobacco Company Limited beneficially owned 4,275,604 common shares representing 44% of the outstanding voting common shares of the Company and 275,080 6% cumulative preference shares, of the par value of \$4.86 $\frac{2}{3}$  each, representing 23% of the outstanding 6% cumulative preference shares of the Company, and Tobacco Securities Trust Company Limited beneficially owned 1,382,000 common shares of the Company representing 14% of the outstanding voting common shares. To the knowledge of the Directors and senior officers of the Company, no other person, as at February 26, 1970, beneficially owned, directly or indirectly, more than 10% of the

outstanding common shares or of the outstanding 6% cumulative preference shares of the Company.

### Voting of proxies

A shareholder may appoint a person other than the persons designated in the enclosed proxy form to attend and vote for him at the meeting. To exercise this right, the shareholder should write the name of the desired person in the blank space provided in the proxy and strike out the other names, or submit another appropriate proxy. The shares represented by the proxy will be voted. The proxy will not be used to vote upon the Company's financial statements for the year ended December 31, 1969, and the reports of the Directors and Auditors. A shareholder may revoke his proxy at any time before its exercise by writing to the Secretary of the Company.



## Election of Directors

The persons named in the enclosed proxy form intend to vote for the election of the following nominees as Directors, all of whom are full-time employees of the Company and have served as Directors since their election:

### **William H. Booth**

Vice-President. Has been a senior official in the Finance Division for a period in excess of the five preceding years. First became a Director in 1966. Beneficially owns 800 common shares.

### **Bernard Dansereau, Q.C.**

Vice-President and General Counsel. Has been General Counsel since 1963 and was Secretary from 1966 to 1968. First became a Director in 1964. Beneficially owns 300 common shares.

### **John M. Keith**

Chairman of the Board. Has been President for a period in excess of the five preceding years. First became a Director in 1947. Beneficially owns 1001 common shares and one preference share.

### **Leo C. Laporte**

Vice-President. Has been Vice-President of the Research and Development Division for a period in excess of the five preceding years. First became a Director in 1962. Beneficially owns 500 common shares.

### **Gilles H. Paquette**

Vice-President. Has been a senior official in the Industrial Relations Department and the Administration Division for a period in excess of the five preceding years. First became a Director in 1969. Beneficially owns 50 common shares.

### **Paul Paré**

President. Has been Executive Vice-President in 1967 and 1968 and Vice-President of Marketing in the three preceding years. First became a Director in 1964. Beneficially owns 475 common shares.

### **L. Edmond Ricard**

Vice-President. Has been a senior official in the Marketing Division for a period in excess of the five preceding years. First became a Director in 1969. Beneficially owns 50 common shares.

### **George G. Ross**

Vice-President. Has been Vice-President of Planning and Development for a year, Comptroller for the preceding two and a half years and previously had been Chief Accountant of Iron Ore Company of Canada for a period in excess of two and a half years. First became a Director in 1969. Beneficially owns 100 common shares.

### **Clifford Warren**

Vice-President. Has been a senior official in the Manufacturing Division for a period in excess of the five preceding years. First became a Director in 1969. Beneficially owns 50 common shares.

The term of office for each Director is from the date of the meeting at which he is elected until the next annual general meeting or until a successor is elected or appointed. In the event that any vacancy occurs in the list of nominees, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other nominee.

## Remuneration of Directors and others

The aggregate direct remuneration paid or payable by the Company or its consolidated subsidiaries to the Directors and senior officers of the Company during the financial year ended December 31, 1969, amounted to \$632,000. The estimated aggregate cost to the Company or its subsidiaries in the said financial year of all pension benefits to be paid under the Company's retirement plans to senior officers of the Company and to the Directors who participate in such plans in the event of retirement at normal retirement age, was \$119,000.

## Appointment of Auditors

The proxies hereby solicited will be used to re-appoint Deloitte, Plender, Haskins and Sells, the present auditors, as auditors of the Company to hold office until the next annual general meeting of shareholders, and to authorize the Directors to fix their remuneration.

## Other Matters

The management knows of no matters to come before the meeting of shareholders other than those referred to in the notice of meeting. Should any other matters properly come before the meeting, the proxy will be voted on them in accordance with the best judgment of the person voting the proxy.

Si vous désirez recevoir ce rapport annuel en français,  
veuillez vous adresser au Secrétaire,  
case postale 6500, Montréal 101, Québec.

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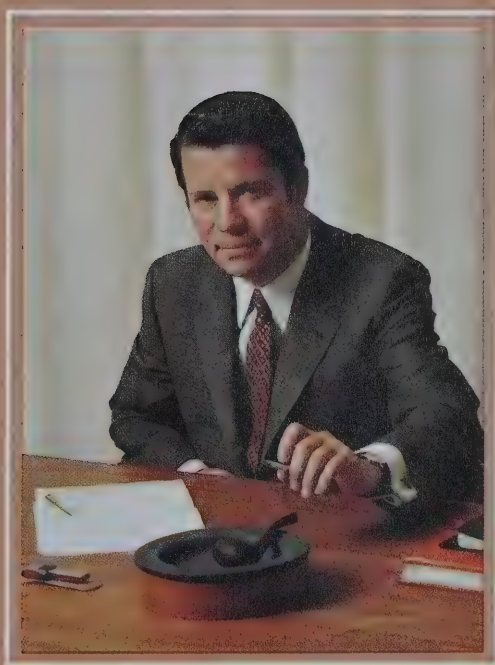


The year at a glance	Thousands of dollars		Increase
	1969	1968*	(Decrease)
Sales	\$512,987	\$421,265	\$ 91,722
Net earnings before extraordinary items	13,383	12,465	918
Net earnings after extraordinary items	12,226	12,646	(420)
Earned per common share before extraordinary items	1.35	1.25	.10
Dividends per common share	.80	.80	—
Working capital	95,650	89,097	6,553
Total assets	234,136	185,709	48,427
Shareholders' equity	119,221	139,746	(20,525)

\*For comparative purposes, the 1968 statements have been revised  
in accordance with the 1969 presentation.







Paul Paré, President  
Imperial Tobacco Company of Canada Limited



## **To Our Shareholders**

In 1969, Imperial Tobacco Company of Canada Limited became a new organization. Major investments were made in the food industry in both the United States and Canada, while at the same time Imperial Tobacco Products Limited maintained its leading position in the tobacco industry in Canada.

Since the last Annual Meeting two subsidiaries were sold and construction of a new plant was begun for one of our food companies.

New appointments have been made in several of the subsidiary companies to strengthen management, and we have adopted an aggressive marketing strategy to increase sales and earnings in all divisions in 1970.

### **Sales and Earnings**

Consolidated sales of the Company and its subsidiaries for 1969 were \$512,987,000, up 22 per cent over 1968. Sales figures include excise taxes and duties totalling \$224,962,000.

Operating profit for the year was \$29,034,000, up 27 per cent over 1968. Net earnings before extraordinary items were \$13,383,000, an increase of \$918,000 over last year.

Dividends for the year were 80 cents a common share, the same as in 1968.

Sales and earnings include those of subsidiary companies, including those acquired in 1969 from the dates of their acquisition.

The industry volume of cigarette sales in 1969 remained at about the same level as in 1968. Higher tobacco taxes in several provinces, an increase in the price of cigarettes and an intensification of anti-smoking publicity all inhibited the normal growth of the industry. We are confident that 1970 will see a return to the normal growth pattern.

### **Smoking and Health**

In December 1968, the House of Commons Standing Committee on Health, Welfare and Social Affairs opened hearings in Ottawa on proposed legislation to regulate tobacco advertising. As chairman of the Ad Hoc Committee of the Canadian Tobacco Industry, I presented the Industry's brief on smoking and health to the Standing Committee in June 1969.

This was the first opportunity the industry had to publicly present the other side of the controversy and enable the voices of science and reason to be heard. More than 20 scientists, all specialists in fields directly related to the problems, appeared before the Standing Committee or submitted statements to challenge the accuracy of the evidence against smoking.

On December 18th, the Standing Committee tabled its report in the House of Commons. The 53-page report contained a series of recommendations for the introduction of legislation to regulate tobacco marketing activities.

If these recommendations are adopted, they will virtually eliminate competition from the tobacco industry. They attack the whole merchandising and advertising system and constitute an excessive intrusion of government into the personal decisions and actions of the Canadian people.

### **Marketing**

The intense competition in the cigarette market has led to a rapid increase in the number of incentive brands — those offering redeemable coupons, prizes, or gifts. Imperial Tobacco Products Limited introduced two such brands in 1969. One brand, Casino, had an unfortunate result when test-marketed in Alberta in September. The secret of the game card insert in each package was soon discovered owing to a series of printing errors. Before the brand was withdrawn, multiple winners collected some \$560,000.

The other brand, Sweet Caporal, was reintroduced in the Maritime provinces in September with a poker-hand game card and cash prizes. The initial response was enthusiastic and the future of the brand looks promising.

### **Diversification**

Although tobacco products continue to be the major operation of the Company and its chief source of income, the Company has diversified into the more rapidly-growing food industry.

The major investments in 1969 were made in the United States with the acquisition of



S and W Fine Foods, Inc. and Uddo & Taormina Corporation.

In Canada, we purchased Pasquale Bros. Limited, Toronto, a privately-owned food company.

The marketing skills of Imperial Tobacco will be employed to the fullest extent to develop this potential. A new plant is already under construction in Vineland, New Jersey, to meet the growing demand for the Progresso products of Uddo & Taormina.

Two subsidiary companies which did not meet the standards of our diversification program have been sold. Although they were sold at a loss, there is no doubt that their disposal was beneficial to the group as a whole. Growth potential for Beau Chatel Wines Limited was not up to expectations and Canada Foils, Limited was not compatible with our decision to concentrate on consumer products.

### **Future Prospects**

We are adopting intensive and aggressive marketing techniques in all divisions of the Company and we look forward to a period of sustained growth. We are seeking a larger share of the tobacco products market in Canada and expansion of the food companies.

Recent appointments of comparatively young men to senior executive positions in all divisions add up to a management team second to none in the consumer products field.

We are looking into the question of changing the name of the Company to one that will reflect the diverse international interests of the Company, and that will not be confused with the name of our major operating division, Imperial Tobacco Products Limited.

Progress made during the year was the result of the personal involvement of all employees at all levels of the Company. We count on their interested participation as the one indispensable asset for a successful future.

On behalf of the Board of Directors,

A handwritten signature in dark ink, reading "Paul Passi". The signature is written in a cursive, flowing style with a prominent initial "P".

President

Montreal, February 26th, 1970.





New brand introductions, new package designs, additions to already successful line of products — all these activities were characteristic of our tobacco products marketing in 1969.

In the intensely competitive and volatile cigarette market, the larger sales gains were made among the incentive brands which now account for more than 50 per cent of the market.

The company introduced two incentive brands in 1969. One of them, Casino, was test-marketed in Alberta but was subsequently withdrawn.

Sweet Caporal, an old favorite, was reintroduced in eastern Canada, with a poker-hand game for cash prizes. The response was immediately enthusiastic and sales at the year end were well ahead of expectations.

Peter Jackson, Canada's first major brand to offer instant cash prizes, increased its sales by 43 per cent in 1969. A new regular-size Peter Jackson was introduced with success and a fine cut was also added to the 'family'. All, of course, carry the possibility of winning the famous \$10,000 or \$1,000 cash certificates.

Player's Filter also increased its share of the market. It is now the top brand in the Player's family as filter tips continue to grow in popularity while plain-end cigarettes decline.

We increased our share of the rising cigar market in both the lower priced and premium quality cigars. The phenomenal popularity of Old Port cigars continues to grow and this brand has been introduced in the United States, Australia, Japan, and some 10 other countries. In Canada, more than two out of every five cigars sold is an Old Port.

Old Port pipe tobacco has also proved popular and is now exported to the United States and Australia. Other pipe tobacco sales are holding steady but imported tobaccos, chiefly from Holland, are gaining an increasing share of the Canadian market.

Sales of fine cut tobacco in Canada were almost unchanged from 1968, but we increased our share of this market in 1969.

L. Edmond Ricard, vice-president and general manager, Imperial Tobacco Products Limited, displays a range of tobacco products designed to meet every nuance of the Canadian taste.





In June, we announced plans to close our 75-year-old Granby plant and move the manufacture of cut and plug tobaccos to our Montreal plant. This decision was taken only after several years of study and is part of a continuing program to keep our production facilities up to date.

The future of the employees has been the paramount consideration in our plans for the phase-out of the plant. These plans have been made in collaboration with the Union and with the help of the federal, provincial and municipal governments. The individual situation of each employee has been taken into account. Only when we are satisfied that all reasonable steps have been taken in the interest of the employees will we close the plant.

A record 1969 crop of flue-cured tobacco in Ontario assures an adequate supply for both domestic and export needs, and a substantial income for the growers.

The Company's collective agreement with the Tobacco Workers International Union expires in July 1970. Although the Company is employing the most modern production methods and machinery, a new agreement and increases in other operating costs may bring higher prices.

The prices of cigarettes and other tobacco products are already at an all-time high with most of the consumer's cost made up of taxes. Federal and provincial taxes together average 30 cents on a package of 20 cigarettes and 38 cents on a package of 25.





**S and W**  
**Progreso**  
**Unico**

With the acquisition in 1969 of three food companies, Imperial Tobacco Company of Canada Limited has laid a solid foundation on which to build a second major consumer products division.

This division now buys and sells food products in many parts of the world, but its biggest operations are in the United States on the densely-populated east and west coasts.

Sales of the food companies are now over \$100,000,000 a year and all three show good promise for better than average growth.

S and W Fine Foods, Inc., San Francisco, markets a premium line of fruits, vegetables, fish and specialty food products. The high quality standards of these products are unmatched in the food industry.

S and W also packs two lines of sugar-free foods under its Nutradiet label. One of these lines contains the sugar substitute, cyclamate, and the recent restrictions on the use of this substance have slowed Nutradiet sales.

A harvest of unusually high quality and quantity in 1969 has assured S and W of a good inventory to meet an expected higher demand in 1970.

Uddo & Taormina Corporation, Jersey City, is one of the largest producers of authentic Italian foods in the world. From American and imported foods, it prepares, packs and markets some 180 items under its Progreso label. The excellence of the ingredients and the true Italian flavor have brought Progreso products a loyal following that assures a rapid growth.

To meet this growing demand, Progreso is building a new \$7,000,000 plant and warehouse in Vineland, New Jersey. Covering some 325,000 square feet, the building will be opened in July 1970 and in full operation by the end of the year. The benefits of this new manufacturing, packing, warehousing and distributing centre in terms of better service to customers and greater sales will be felt partly in 1970 and fully in 1971.

Pasquale Bros. Limited, Toronto, is an established family business incorporated in 1924. The company markets some 200 items of Italian and Italian-type foods, primarily

John F. Taormina, president, with a small selection of S and W Fine Foods. Mr. Taormina was appointed president of the company in November 1969, coming from Progresso Foods, New Jersey, where he had been vice-president.





John St. Jacques and a colorful array of some of the 180 Progresso Italian foods. Mr. St. Jacques was appointed president of the company in April 1969.



Edward C. Pasquale, Jr., president of Pasquale Bros. Limited, and some of the Unico brand products that have made the company one of the largest suppliers of Italian foods in Canada.





under its Unico brand name.

A large part of the company's sales is in the Toronto-Hamilton area of Ontario where the family and brand names are old, trusted friends, particularly among Canadians of Italian descent.

Sales have increased steadily in the last 20 years and Unico products are used by many outstanding eating places in Toronto. While the products are now sold across Canada, marketing plans call for deeper and broader sales coverage. Some integration with Progresso is also being considered.

Members of the founding families of both Progresso and Unico are active in the two companies in senior positions and continue to provide the counsel and guidance that brought their firms success.

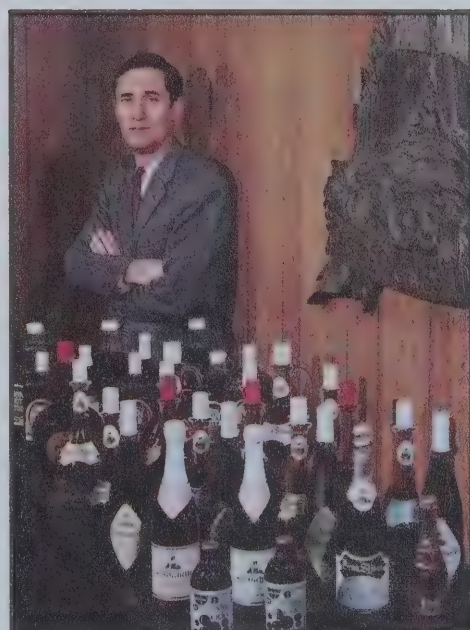
For United Cigar Stores, Limited, 1969 has been a year of reorganization and consolidation. New stores have been opened in carefully researched locations, and unprofitable stores closed and costs reduced. There was substantial improvement in the latter half of 1969 and this will continue in 1970.

Growers' Wine Company Limited continued to increase profits and sales in 1969. Warehouse and tank storage facilities were enlarged to meet this increased demand and to permit longer and more economical production runs. New products introduced during the year included a dry red table wine, a sauterne and a popular-priced champagne. Plans for several new products and wider distribution of existing products should see a further increase in sales and profits in 1970.

Simtel/Editel now has the most modern commercial videotape studio in Canada. In 1969, the company installed a complete color videotape system and in 1970 will acquire a computerized editing system. The new equipment provides first-rate television production facilities for commercial and creative productions both in studio and on location.

John J. Ruffo, appointed president of United Cigar Stores, Limited in April 1969, stands before one of the retail chain's modern shops situated in a recently-built Holiday Inn, Toronto.

The visitors' reception room at Growers' Wine Company Limited, Victoria, British Columbia, provides a hospitable background for Lawrence L. Anderson, Jr., president, to display some of the company's popular products.













# Directors and Officers

## **Imperial Tobacco Company of Canada Limited**

*Montreal, Canada*

### **Directors**

William H. Booth  
Bernard Dansereau, Q.C.  
John M. Keith  
Leo C. Laporte  
Gilles H. Paquette  
Paul Paré  
L. Edmond Ricard  
George G. Ross  
Clifford Warren

### **Officers**

John M. Keith, Chairman of the Board  
Paul Paré, President  
William H. Booth, Vice-President  
Bernard Dansereau, Q.C.,  
Vice-President and General Counsel  
Leo C. Laporte, Vice-President  
Gilles H. Paquette, Vice-President  
L. Edmond Ricard, Vice-President  
George G. Ross, Vice-President  
Clifford Warren, Vice-President  
Norman J. Flynn, Secretary  
Matthews Glezos, Treasurer  
Gerald L. Bazinet, Assistant Secretary  
John N. Economides, Assistant Treasurer  
Ronald F. Findlay, Corporate Comptroller

## **Imperial Tobacco Products Limited**

*Montreal, Canada*

Paul Paré, President  
L. Edmond Ricard,  
Vice-President and General Manager  
Peter R. Austin, Vice-President  
Robertson M. Gibb, Vice-President  
D. Edward Kearney, Vice-President  
J. J. McGill, Vice-President  
Ian W. Murray, Vice-President  
William J. Ross, Vice-President  
Lorne A. Rowell, Vice-President  
Clifford Warren, Vice-President  
Norman J. Flynn, Secretary  
Matthews Glezos, Treasurer  
Gerald L. Bazinet, Assistant Secretary  
Gordon M. McBurney, Comptroller  
Jean-Louis Mercier, Comptroller

## **General Cigar Company Limited**

*Montreal, Canada*

Robert B. Alexander, President  
A. R. Gibault, Vice-President  
G. W. R. Goring, Vice-President  
D. Edward Kearney, Vice-President  
L. Edmond Ricard, Vice-President  
Clifford Warren, Vice-President  
Norman J. Flynn, Secretary  
Matthews Glezos, Treasurer  
Gerald L. Bazinet, Assistant Secretary

## **United Cigar Stores, Limited**

*Toronto, Canada*

J. J. Ruffo, President  
F. C. Carter, Vice-President  
W. M. Crossin, Vice-President  
B. D. Joynt, Vice-President  
J. F. Mathers, Vice-President and Treasurer  
V. W. McWatters, Vice-President  
G. Sherwood, Vice-President  
P. A. Thomson, Vice-President and Secretary  
F. C. Van Parys, Vice-President  
H. B. Wells, Vice-President  
B. Williams, Vice-President  
K. L. Murphy, Assistant Secretary

## **S and W Fine Foods, Inc.**

*San Francisco, U.S.A.*

Robert B. MacLean, Chairman of the Board  
John F. Taormina, President  
Charles R. Angin, Vice-President  
R. C. Fogel, Vice-President  
N. L. Correia, Secretary and Comptroller  
F. X. Naples, Assistant Secretary

## **Uddo & Taormina Corporation**

*Jersey City, U.S.A.*

Frank G. Taormina, Chairman of the Board  
G. John St. Jacques, President  
Edward Laraja, Vice-President  
Eugene R. Taormina, Vice-President  
Frederick W. Wickemeyer, Vice-President  
Gaspar F. Taormina, Secretary and Treasurer

## **Pasquale Bros. Limited**

*Toronto, Canada*

Edward C. Pasquale, Sr.,  
Chairman of the Board  
Edward C. Pasquale, Jr., President  
Nito Pasquale, Vice-President  
Georgina Madott, Secretary-Treasurer  
Matthews Glezos, Assistant Treasurer  
Gerald L. Bazinet, Assistant Secretary

## **Growers' Wine Company Limited**

*Victoria, Canada*

Brian H. Roberts, Chairman of the Board  
Lawrence L. Anderson, Jr., President  
A. D. Lauder, Vice-President  
Ronald M. Statham, Secretary-Treasurer

## **Sintel Incorporated**

### **Editel Productions Ltd.**

*Montreal, Canada*

Russell F. Williams, President  
A. John Douglas, Vice-President  
G. Ross Jebson, Vice-President  
J. T. Coates, Secretary-Treasurer



## Comments on the Year's Operations

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A number of changes have been made in the presentation of the consolidated financial statements and in the application of accounting principles in order to comply with recent recommendations of the Canadian Institute of Chartered Accountants. Certain of these changes have been brought about by the decision to record fixed assets and depreciation on the basis of historical cost rather than the replacement cost basis used since 1961.

All subsidiary companies have been consolidated in 1969. The following companies have been included from their respective dates of acquisition:

Redwood Food Packing Co.	December 31, 1968
S and W Fine Foods, Inc.	January 3, 1969
Uddo & Taormina Corporation	April 1, 1969
Pasquale Bros. Limited	October 1, 1969

In addition, Growers' Wine Company Limited has been included in the consolidated statements for the first time.

Non-recurring gains and losses of an extraordinary nature, which in past years have been reported as adjustments to retained earnings, have been shown separately. This presentation results in "Net earnings before extraordinary items", which reflects earnings from normal operations, and "Net earnings after extraordinary items" which takes into account unusual, non-recurring transactions.

Profits or losses on disposal of fixed assets, which were treated in prior years as adjustments to retained earnings, have been included in "Manufacturing costs, merchandising and general expenses". The effect of this change was to reduce "Net earnings before extraordinary items" by \$287,000 (1968 — \$624,000).

The 1968 comparative financial statements have been restated to include Growers' Wine Company Limited for the year and Redwood Food Packing Co. from date of acquisition, and to reflect the effects of the other above-mentioned changes on that year's results, including the write-off through retained earnings of the goodwill arising on consolidation of Growers' Wine and Redwood Food Packing. Canada Foils, Limited has not been included in either year's consolidation because it was sold in 1969.

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Consolidated earnings and  
retained earnings

Consolidated net sales for 1969 totalled \$512,987,000, up \$91,722,000 or 21.8% from the restated 1968 figure of \$421,265,000. This net increase is brought about by sales from the newly acquired food companies of \$97,515,000 from the dates of acquisition, an increase in wine sales of \$822,000 and a net decline in sales of tobacco products of \$6,615,000.

Earnings from operations were up \$6,174,000 at \$29,034,000. The increase occurred in: tobacco products operations, \$3,323,000; food, \$3,379,000; and wine \$365,000; with an offsetting charge for unallocated general administration costs of \$893,000.

Net earnings before extraordinary items at \$13,383,000 were up \$918,000 or 7.4% over last year. After making allowance for dividends on preferred shares, earnings before extraordinary items amounted to \$1.35 per common share compared with a restated \$1.25 for 1968.

Non-recurring extraordinary items resulted in a loss in 1969 of \$1,157,000 on the sale of the investment in Canada Foils, Limited and the principal assets and business of Beau Chatel Wines Limited. In 1968 a non-recurring profit of \$181,000 was realized on the sale of a small holding of shares in a Canadian company. Net earnings after extraordinary items amounted to \$12,226,000 in 1969 compared with restated \$12,646,000 in 1968.

After writing off goodwill of \$24,637,000 arising from the acquisition of subsidiary companies in 1969, the payment of common dividends totalling \$7,736,000 or 80 cents per share, and allowance for dividends on the 6% cumulative preference shares of \$348,000, consolidated retained earnings at \$62,838,000 decreased \$20,525,000 from the restated 1968 figure of \$83,363,000.

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Balance sheet

Working capital at \$95,650,000 increased \$6,553,000 as explained in the consolidated statement of source and application of funds.

Notes receivable increased \$16,959,000 due principally to non-current instalment payments in respect of the sale of Canada Foils, Limited and Beau Chatel Wines Limited.

Long term debt of \$36,956,000 showed an increase of \$34,695,000 mainly due to bank borrowings to replace working capital requirements after the purchase of the new subsidiary companies.

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General

An extra dividend of 10 cents per common share in respect of 1969 results and the first interim dividend for 1970 of 17½ cents per share were declared payable March 31, 1970.



Consolidated Statement of Earnings and Retained Earnings (note 1)	Thousands of dollars	
	1969	1968*
Net sales (note 2)	\$512,987	\$421,265
Federal sales and excise taxes and excise duty	224,962	234,998
	288,025	186,267
Manufacturing costs, merchandising and general expenses (note 4)	254,620	159,332
Depreciation (note 3)	4,371	4,075
Earnings from operations (note 2)	29,034	22,860
Income from investments in non-consolidated subsidiary company (note 1)	15	129
Income from other investments	507	1,887
Interest expense (including interest on long term debt \$2,569; 1968 — \$68)	(3,540)	(146)
Earnings before income taxes	26,016	24,730
Income taxes — current	12,839	13,141
— deferred	(299)	(934)
	13,476	12,523
Minority interest in earnings of subsidiary companies	93	58
Net earnings before extraordinary items	13,383	12,465
Extraordinary items (note 5)	(1,157)	181
Net earnings after extraordinary items	12,226	12,646
Restated retained earnings, beginning of year (note 6, a and c)	83,363	81,546
Redemption of 6% cumulative preference shares (note 7)	(30)	(165)
Goodwill arising on consolidation of subsidiary companies	(24,637)	(2,575)
Dividends (note 9)	(8,084)	(8,089)
Retained earnings, end of year	\$ 62,838	\$ 83,363

The attached notes form an integral part of these statements.

\*For comparative purposes, the 1968 statements have been revised in accordance with the 1969 presentation (notes 1 and 6).

Consolidated Balance Sheet (note 1)		Thousands of dollars	
		1969	1968*
Current assets	Cash and term deposits	\$ 19,870	\$ 6,574
	Marketable securities (market value \$58; 1968 — \$163)	58	163
	Accounts receivable	35,561	27,034
	Inventories (principally at average cost)	111,405	91,225
	Prepaid expenses	924	566
	Total current assets	167,818	125,562
Current liabilities	Bank indebtedness	27,786	1,181
	Accounts payable and accrued liabilities	19,822	11,306
	Income, excise and other taxes	22,299	23,978
	3% sinking fund debentures (maturing March 1, 1970)	2,261	—
	Total current liabilities	72,168	36,465
Working capital (net current assets)		95,650	89,097
Other assets	Loans and advances to non-consolidated subsidiaries	—	9,362
	Investments in non-consolidated subsidiaries (at cost)	—	8,493
	Notes receivable	18,176	1,217
	Deferred charges	1,085	853
	Fixed assets (note 3)	47,056	40,221
	Goodwill, trademarks and patents (at nominal value)	1	1
	Excess of assets over current liabilities	161,968	149,244
Other liabilities	Long term debt (note 8)	36,956	2,261
	Deferred income taxes (note 10)	4,559	6,105
	Minority interest	1,232	1,132
		42,747	9,498
	Excess of assets over liabilities	\$119,221	\$139,746
Shareholders' equity (note 6d)	Paid up share capital (note 11)	54,153	54,183
	Capital surplus (note 7)	2,230	2,200
	Retained earnings	62,838	83,363
		\$119,221	\$139,746

The attached notes form an integral part of these statements.

\*For comparative purposes, the 1968 statements have been revised in accordance with the 1969 presentation (notes 1 and 6).

Approved by the Board,

Paul Paré, Director  
W. H. Booth, Director

		Thousands of dollars	
Consolidated Statement of Source and Application of Funds (note 1)		1969	1968*
Source of funds	Operations:		
	Net earnings before extraordinary items	\$ 13,383	\$ 12,465
	Non-cash charges:		
	Depreciation	4,371	4,075
	Deferred income taxes	(299)	(934)
	Deferred charges	(40)	534
	Loss on disposal of fixed assets	973	1,277
	Minority interest	93	58
		18,481	17,475
	Sale of fixed assets	945	896
	Sale of subsidiary companies	\$19,383	
	Less non-current instalment payments	16,502	—
		2,881	—
	Working capital of consolidated subsidiaries acquired	12,687	6,759
	Special refundable tax	—	364
	Long term debt	35,637	—
		70,631	25,494
Application of funds	Dividends	8,084	8,089
	Dividends to minority shareholders of subsidiaries	11	11
	Fixed assets	4,033	4,404
	Purchase of subsidiaries	47,644	7,259
	Non-consolidated subsidiaries	—	8,510
	Notes receivable	1,365	(253)
	6% cumulative preference shares	30	165
	Debentures maturing in less than one year	2,261	—
	Working capital of consolidated subsidiary sold	650	—
		64,078	28,185
Working capital	Increase (decrease) in working capital	6,553	(2,691)
	Beginning of year	89,097	91,788
	End of year	\$ 95,650	\$ 89,097

The attached notes form an integral part of these statements.

\*For comparative purposes, the 1968 statements have been revised in accordance with the 1969 presentation (notes 1 and 6).



## Notes to the Consolidated Financial Statements

Thousands of dollars

1969

1968

### 1. Principles of consolidation and related information

The consolidated financial statements include the accounts of Imperial Tobacco Company of Canada Limited and all subsidiaries. S and W Fine Foods, Inc., Uddo & Taormina Corporation and Pasquale Bros. Limited have been included from their respective dates of acquisition in 1969. Growers' Wine Company Limited, not previously consolidated, and Redwood Food Packing Co., from the date of its acquisition December 31, 1968, have been included in the 1968 restated figures. As Canada Foils, Limited was disposed of in 1969, it has not been included in the 1968 comparative statements. For purposes of consolidation the accounts of the company's subsidiaries in the United States have been translated to Canadian dollars at parity of exchange (\$1.00 Canadian equals \$0.925 U.S.).

### 2. Operations by type of business

Sales		
Tobacco	\$409,402	\$416,017
Wine	6,070	5,248
Food	97,515	—
	\$512,987	\$421,265
Operating Profits		
Tobacco	\$ 26,292	\$ 22,969
Wine	256	(109)
Food	3,379	—
	29,927	22,860
Unallocated general administration	893	—
Earnings from operations	\$ 29,034	\$ 22,860

### 3. Fixed assets and depreciation

For 1968 and 1969 fixed assets have been shown at historical cost instead of replacement cost used since 1961 resulting in a reduction of \$36,393 in fixed asset values and the elimination of the capital increment at the end of 1968 (note 6d). For the year 1969 depreciation has been provided on the historical cost of fixed assets by use of the same estimated useful lives as in prior years. For the years 1961 to 1968 depreciation was provided on the basis of replacement cost of fixed assets. The 1968 depreciation expense has been restated to reflect this change and accumulated depreciation at the beginning of 1968 has been restated accordingly, with a resulting adjustment to retained earnings of \$28,236 (note 6a).

Land	\$ 5,876	\$ 2,965
Buildings	31,416	28,777
Equipment	52,068	49,515
	89,360	81,257
Accumulated depreciation	42,304	41,036
Fixed assets	\$ 47,056	\$ 40,221

Thousands of dollars

## Notes to the Consolidated Financial Statements

1969

1968

4. Manufacturing costs, merchandising and general expenses	Included in this item is the amount of \$632 (1968 — \$638) for total remuneration paid to directors and senior officers, all of whom were full-time employees of the company.	
5. Extraordinary items	Loss on disposal of subsidiary companies	\$ (1,157)
	Profit on disposal of investments	—
		\$ 181
		\$ (1,157)
		\$ 181
The results for 1969 reflect the sale of the business of Beau Chatel Wines Limited which was completed in January 1970.		
6. Adjustments due to changes in accounting principles	The 1968 consolidated financial statements have been restated for comparative purposes to reflect the changes in accounting policy adopted in 1969.	
	a) Change in retained earnings, beginning of 1968	
	As previously published	\$ 57,051
	Accumulated depreciation (note 3)	\$ 28,236
	Provision for dividend on common shares (note 9)	967
	Deferred income tax adjustment (note 10)	(4,691)
	Decrease in retained earnings of Growers' Wine Company Limited from acquisition to December 31, 1967	(17)
	Net increase	24,495
	Restated retained earnings, beginning of 1968	\$ 81,546
	b) Change in 1968 earnings	
	As previously published	\$ 12,382
	Depreciation	\$ 811
	Growers' Wine Company Limited earnings, net of minority interest	59
	Deferred income taxes	(85)
	Loss on disposal of fixed assets, less related income taxes	(624)
	Prior years' adjustment to earnings of a subsidiary company	(78)
	Net increase before extraordinary items	83
	Extraordinary items	181
	Restated 1968 net earnings after extraordinary items	\$ 12,646

## Notes to the Consolidated Financial Statements

Thousands of dollars

1969 1968

6. Adjustments due to changes in accounting principles (continued)	<p>c) Change in retained earnings, end of 1968</p> <p>As previously published \$ 61,305</p> <p>Adjustments as above:</p> <p>Retained earnings — (a) \$ 24,495</p> <p>Earnings — (b) 264</p> <p>Net adjustment due to change in accounting for fixed assets and depreciation (750)</p> <p>Loss on disposal of fixed assets, less related income taxes 624</p> <p>Goodwill arising on consolidation of Growers' Wine Company Limited and Redwood Food Packing Co. (2,575)</p> <hr/> <p>Net increase 22,058</p> <hr/> <p>Restated retained earnings, end of 1968 \$ 83,363</p> <hr/> <p>d) Change in shareholders' equity, end of 1968</p> <p>As previously published \$154,081</p> <p>Elimination of capital increment (note 3) \$(36,393)</p> <p>Adjustment due to restatement of retained earnings — (c) 22,058</p> <hr/> <p>Net decrease (14,335)</p> <hr/> <p>Restated shareholders' equity, end of 1968 \$139,746</p>
7. Redemption of 6% cumulative preference shares	<p>The amount of \$30 (1968 — \$165) charged to retained earnings represents \$30 (1968 — \$143) transferred to capital surplus and \$ nil (1968 — \$22) for the payment of premium, brokerage and tax on the purchase and cancellation of 6,107 (1968 — 29,398) 6% cumulative preference shares (note 11).</p>
8. Long term debt	<p>Payable in U.S. funds:</p> <p>Bank loan — payable July 1, 1974 bearing interest at New York prime bank rate plus 1½% \$ 31,283</p> <p>Bank loan — payable in four equal annual instalments commencing March 31, 1972 bearing interest at New York prime bank rate less 1% 4,324</p> <p>5½% real estate mortgage — payable 1984, less current portion 1,166</p> <p>6% real estate mortgage — payable 1972, less current portion 74</p> <p>7% debentures maturing June 30, 1973 109</p> <p>Payable in Canadian funds:</p> <p>3% sinking fund debentures maturing March 1, 1970 \$ 2,261</p> <hr/> <p>\$ 36,956 \$ 2,261</p>



Notes to the Consolidated Financial Statements		Thousands of dollars	
		1969	1968
9. Dividends of Imperial Tobacco Company of Canada Limited	<p>On 6% cumulative preference shares \$ 348 \$ 353</p> <p>On common shares:</p> <p>Four interim dividends totalling 70 cents per share and an extra dividend of 10 cents per share declared in February 7,736 7,736</p> <p>\$ 8,084 \$ 8,089</p> <p>The method of recording dividends on common shares has been changed from an accrual basis to one that reflects dividends declared during the year, giving rise to an adjustment to retained earnings of \$967 at the beginning of 1968 (note 6a).</p>		
10. Deferred income taxes	Owing principally to the change in fixed asset accounting (note 3) the deferred income tax liability at the beginning of 1968 has been restated resulting in an adjustment to retained earnings of \$4,691 (note 6a).		
11. Paid up share capital	<p>6% cumulative preference shares par value \$4.86<math>\frac{2}{3}</math> each</p> <p>Authorized and issued: 1,650,000 shares</p> <p>Less purchased and cancelled:</p> <p>as at December 31, 1968 452,005 shares</p> <p>1,197,995 shares \$ 5,830</p> <p>during 1969 6,107 shares</p> <p>Outstanding December 31, 1969 1,191,888 shares \$ 5,800</p> <p>Redeemable sinking fund preference shares par value \$25 each</p> <p>Authorized: 200,000 shares</p> <p>Issued: None</p> <p>Common shares, no par value</p> <p>Authorized: 10,800,000 shares</p> <p>Issued: 9,670,532 shares 48,353 48,353</p> <p>\$ 54,153 \$ 54,183</p>		
12. Pension and retirement plans	Effective July 1, 1969 certain of the companies' pension plans were revised to a company paid, balance of cost plan. In addition, various unfunded retirement allowances were incorporated in a plan which will be funded based on actuarial estimates over twenty years ending 1990. At December 31, 1969 the estimated outstanding commitment in respect of funding of past service retirement allowance liabilities was \$3,196. Instalments for the period July 1 to December 31, 1969 amounted to \$136. For the period January 1 to June 30, 1969, current payments in respect of retirement allowances were charged against current operations, as in past years.		

## Auditors' Report

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To the Shareholders  
of Imperial Tobacco Company  
of Canada Limited

We have examined the consolidated balance sheet of Imperial Tobacco Company of Canada Limited and Subsidiary Companies as at December 31, 1969 and the consolidated statement of earnings and retained earnings and consolidated statement of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances except for certain subsidiary companies, whose accounts have been examined and reported on by other auditors.

In our opinion, based on our examination and the reports of other auditors, these financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after revision of the financial statements for that year as explained in notes 1 and 6.

### Deloitte, Plender, Haskins & Sells

Chartered Accountants  
Sun Life Building, Montreal

February 26, 1970

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#### *Transfer Agents*

Crown Trust Company, Montreal  
The Royal Trust Company, Halifax, Toronto, Calgary, Vancouver

#### *Registrars*

Montreal Trust Company, Halifax  
National Trust Company, Limited, Montreal, Toronto, Vancouver  
The Royal Trust Company, Calgary

#### *Stock Exchange Listings*

Montreal, Toronto, Vancouver and London, England

## Statistical Highlights/Ten Year Review (a)

		1969	1968(b)
Sales and earnings	Net sales	512,987	421,265
	Depreciation	4,371	4,075
	Earnings before income taxes	26,016	24,730
	Income taxes	12,540	12,207
	Net earnings before extraordinary items	13,383	12,465
	Net earnings after extraordinary items	12,226	12,646
	Earned on common shares before extraordinary items	13,035	12,112
	Per common share	\$ 1.35	\$ 1.25
Dividend record	On preference shares	348	353
	On common shares	7,736	7,736
	Per common share	\$ .80	\$ .80
Capital expenditures	On fixed assets	4,033	4,404
Financial position	Current assets	167,818	125,562
	Current liabilities	72,168	36,465
	Working capital	95,650	89,097
	Investment in non-consolidated subsidiaries		
	including loans and advances	—	17,855
	Fixed assets (before depreciation)	89,360	81,257
	Fixed assets (less depreciation)	47,056	40,221
	Long term debt	36,956	2,261
	Excess of assets over liabilities	119,221	139,746
Shareholders' equity	Preference shareholders	5,800	5,830
	Common shareholders	113,421	133,916
	Per common share	\$11.73	\$13.85

(a) 1960/68 revised in accordance with 1969 presentation.

(b) Revised to include Growers' Wine Company Limited and Redwood Food Packing Co.

(c) Revised to include Beau Chatel Wines Limited.



(Thousands of dollars — except 'per common share' statistics)

1967	1966(c)	1965	1964	1963	1962	1961	1960
393,315	373,069	366,262	351,456	355,065	373,392	359,105	342,775
4,135	3,835	3,486	3,372	3,327	3,237	3,007	2,814
25,237	24,637	26,778	23,807	23,416	26,261	28,114	26,910
11,656	11,624	12,832	11,228	10,391	12,923	13,659	12,706
13,581	13,013	13,946	12,579	13,025	13,338	14,455	14,204
13,581	13,013	13,946	12,579	13,025	13,338	14,455	14,204
13,215	12,619	13,533	12,156	12,577	12,856	13,973	13,722
\$ 1.37	\$ 1.30	\$ 1.40	\$ 1.26	\$ 1.30	\$ 1.33	\$ 1.44	\$ 1.42
366	394	413	423	448	482	482	482
7,736	8,461	7,253	7,011	7,252	7,737	6,527	6,527
\$ .80	\$ .87½	\$ .75	\$ .72½	\$ .75	\$ .80	\$ .67½	\$ .67½
5,187	8,451	3,491	2,740	5,197	4,146	4,179	5,645
124,295	115,964	120,765	124,015	121,674	123,304	117,990	113,003
32,507	27,786	31,300	28,815	26,911	28,598	27,298	28,377
91,788	88,178	89,465	95,200	94,763	94,706	90,692	84,626
14,821	13,425	13,077	—	—	—	—	—
78,044	75,215	67,076	64,928	64,725	61,199	59,493	57,728
38,845	38,198	33,195	33,808	34,769	33,699	33,666	33,482
2,261	2,261	2,262	7,035	8,582	9,987	11,628	12,796
137,929	133,366	129,643	123,966	119,142	114,901	109,782	102,336
5,973	6,518	6,766	6,973	7,215	8,030	8,030	8,030
131,956	126,848	122,877	116,993	111,927	106,871	101,752	94,306
\$13.65	\$13.12	\$12.71	\$12.10	\$11.57	\$11.05	\$10.52	\$ 9.75







